



U.S. FISH AND WILDLIFE SERVICE TRANSMITTAL SHEET

PART 264 FW 1, 2, and 5	SUBJECT Finance Cost Recovery and Cost Allocation - Policy and Responsibilities Recovery of Full Costs/Reimbursable Agreements Exceptions to Cost Recovery Policy	RELEASE NUMBER 386
FOR FURTHER INFORMATION CONTACT Division of Finance		DATE January 16, 2002

EXPLANATION OF MATERIAL TRANSMITTED:

These chapters update and define Service policy and procedures on recovery of full costs. Chapters 3 and 4 are reserved for additional guidance.

Acting
Deputy DIRECTOR

FILING INSTRUCTIONS:

Remove:

264 FW 1, 12/30/96, FWM 286 (1 sheet)
264 FW 2, 12/30/96, FWM 286 (1 sheet)
Exhibit 1, 264 FW 2, 12/30/96, FWM 286 (1 sheet)

Insert:

264 FW 1, 01/16/02, FWM 386 (1 sheet)
264 FW 2, 01/16/02, FWM 386 (2 sheets)
None
264 FW 5, 01/16/02, FWM 386 (2 sheet)

**FISH AND WILDLIFE SERVICE
FINANCE**

Finance

Part 264 Cost Recovery

Chapter 1 Cost Recovery and Cost Allocation - Policy and Responsibilities

264 FW 1

1.1 What is the purpose of this chapter? This chapter provides direction and assigns responsibilities for cost recovery and cost allocation activities.

1.2 What does this policy cover?

A. Recovery of full costs that we incur for the provision of goods and services to Federal agencies; State, local and tribal governments; and private entities. (see 264 FW 2)

B. Allocation of full administrative costs that we incur in supporting activities in appropriations and funding accounts.

1.3 What are the authorities used in cost recovery?

A. The Independent Office Appropriations Act of 1952 (31 U.S.C. 9701). Authorizes the head of a Federal agency to prescribe regulations establishing the charge for a service, resource, or product provided by the agency. Such charges are subject to the policies of the President and are to be both (1) fair and (2) based on the cost to the Government, the value of the service or product to the recipient, and other relevant facts.

B. The Economy Act (31 U.S.C. 1535). Authorizes the head of an agency or a major organizational unit within an agency to place an order with a major organizational unit within the same agency or an outside agency for goods and/or services. Also provides the conditions under which such an order or transfer may occur. The party placing the order is to "promptly" reimburse the Federal agency providing the services or resources.

C. Intergovernmental Cooperation Act (31 U.S.C. 6505). Title III authorizes the head of any Federal agency, within his/her own discretion, to provide reimbursable specialized or technical services to State and local governments. The Government agency requesting specialized services must pay salaries and all other identifiable direct and indirect costs of performing such services.

D. Office of Management and Budget (OMB) Circular A-25 (revised). Establishes policy regarding fees assessed for Government services and for sale or use of Government goods or resources. The circular provides information on (1) the scope and types of activities subject to user charges and (2) the basis upon which user charges must be calculated, including guidance for the cost recovery of such direct costs.

E. Office of Management and Budget (OMB) Circular A-34 (revised). Sets forth policies on the major phases of Federal budget execution. Section 12.6 relates to transfers between Federal agencies and Section 12.1 focuses on offsetting collections including reimbursable work.

F. Office of Management and Budget (OMB) Circular A-45 (revised). Sets forth policies that executive agencies must use in establishing and administering rental rates and other charges for Government furnished quarters located within the United States, the District of Columbia, and the territories and possessions of the United States. Such policies provide guidance for the cost recovery of indirect costs associated with rent and utility bills.

G. Office of Management and Budget (OMB) Circular A-97. Provides guidance on the rules and regulations permitting Federal agencies to provide specialized or technical services to State and local units of government under Title III of the Intergovernmental Cooperation Act. The circular specifies both the types of service and the conditions under which agencies may provide "specialized or technical services."

H. 346 DM 1-4 (Cost Recovery). Defines cost recovery as a charge to be imposed for services that provide special privileges to a non-Federal recipient (at issuance, reimbursable work between agencies was not included). Charges will recover both direct and indirect costs of the performing bureau in furnishing the services. The Departmental Manual also lists those instances where bureaus and offices may exempt certain activities from cost recovery.

I. Departmental Accounting Manual, Chapter 6. Defines Department policy on cost recovery as well as offers detailed information and examples on both direct and indirect costs.

1.4 What are the definitions for some terms used in this Part?

A. Billing. We will use one of the following forms to recover or allocate full costs:

(1) A billing for direct and indirect costs calculated either through cost-finding techniques or on the basis of formal cost accumulation in our financial accounting system.

(2) The Cost Allocation Methodology where indirect costs are allocated to Service appropriations and funding accounts. These allocations and their basis must be disclosed and approved by the Congressional Committees on Appropriations.

(3) A fee, rate, or price pursuant to an established schedule (i.e. import/export permit fees, refuge entrance fees, etc.). Any schedule of fees, rates, or prices used to recover costs pursuant to IOAA must be promulgated in the Code of Federal Regulations. Unless specifically provided for in legislation, deposit all receipts for cost recovery in the General Fund of the U.S. Treasury as Miscellaneous Receipts.

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Part 264 Cost Recovery

Chapter 1 Cost Recovery and Cost Allocation - Policy and Responsibilities

264 FW 1

B. Cost recovery. The recovery of the Service's full costs for activities providing special benefits or privileges to an identifiable recipient.

C. Cost allocation. The equitable distribution of a specific cost or grouping of costs in a manner consistent with a payee's identifiable usage and/or association with that cost.

D. Direct costs. Can be specifically or readily identified with producing a specific product or providing a specific service. Direct costs include direct labor, equipment and other items purchased or consumed related to a program.

E. Full costs. The total expenses in providing a service, which is calculated by combining both direct and indirect costs.

F. Indirect costs. Those costs that cannot be specifically identified with producing a specific product or providing a specific service, but which can be shown to bear some relationship to, result from, or be in support of, the product or service (see 264 FW 2 for a list of indirect costs).

1.5 Who is responsible for cost recovery?

A. The Director establishes and oversees the implementation of our cost recovery policy. The Director will approve all exceptions to policy.

B. The Assistant Director for Budget, Planning and Human Resources (ABHR) will review and concur/nonconcur on all exceptions to policy prior to submission to the Director for approval.

C. The Assistant Director for Business Management and Operations (ABMO) is responsible for recommending changes to the cost recovery policy as well as communicating our cost recovery activities to the Department's Office of Financial Management. The ABMO will review and concur/nonconcur on all exceptions to policy prior to submission to the Director for approval.

D. Chief, Division of Finance (DF) is responsible for:

(1) Developing our cost recovery policy.

(2) Conducting and coordinating a biennial review of the cost recovery policy, practices, and procedures and recommending adjustments as necessary.

(3) Calculating cost recovery rates.

(4) Assisting in preparation of exceptions for international agreements.

(5) Preparing a narrative report and including quantitative data that supports cost recovery activity as required by 346 DM1.

E. Chief, Division of Budget (DB) is responsible for:

(1) Reviewing all requests for exceptions to policy, and recommending the disposition of these requests to the ABHR.

(2) Assisting the Division of Finance in the biennial review of the cost recovery policy.

(3) Assisting the Division of Finance in preparing the report required by 346 DM 1.

1.6 What is the biennial review?

A. To ensure the applicability of this policy, the Division of Finance will coordinate a biennial review of the Service's cost recovery policy, practices, and procedures and recommend adjustments as necessary on every even numbered year.

B. The review team will consist of members from the Division of Finance, Division of Budget, Regional Offices, and program areas.

C. By January of each review year, the Division of Finance will contact review team members. The team must complete recommendations by the following June to allow for notice of changes and implementation.

D. Upon conclusion of the review, the Division of Finance will prepare a narrative report (RCS# R264-1A) and include quantitative data that supports cost recovery activity as required by 346 DM 1.

1.7 When was this policy effective?

A. The Director initially implemented this policy in a memorandum dated September 13, 2000. This policy became effective October 1, 2000.

B. All new funding for multi-year agreements is subject to the terms of this policy. Carryover balances negotiated at reduced rates will not be subject to change.

C. As of October 10, 2000, all waivers, permanent and project specific, were null and void. Existing agreements covered by waivers must comply with this policy.